

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Crystal Lake Township	County Benzie
Audit Date 3/31/05	Opinion Date 8/9/05	Date Accountant Report Submitted to State: 9/30/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Wilson Ward CPA Firm			
Street Address PO Box 205	City Interlochen	State MI	ZIP 49643
Accountant Signature <i>Wilson Ward CPA Firm</i>		Date 9/30/05	

CRYSTAL LAKE TOWNSHIP
BENZIE COUNTY, MICHIGAN

FRANKFORT, MICHIGAN

AUDIT REPORT

For Year Ended
March 31, 2005

Wilson, Ward CPA Firm
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August 8, 2005

Crystal Lake Township Board
Frankfort, MI 49660

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Crystal Lake Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Crystal Lake Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Crystal Lake Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Crystal Lake Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The office has excellent records, with information clearly shown and readily available. In the test of controls, all internal controls are being used wisely with double checks on all amounts, distributions and deposits. The implementation of the accounting system is progressing.

This information is intended solely for the use of the Crystal Lake Township Board and management of Crystal Lake Township and is not intended to be and should not be used by anyone other than those specific parties.

Sincerely,

A handwritten signature in black ink that reads "Wilson Ward CPA Firm". The signature is written in a cursive, flowing style.

Wilson, Ward CPA Firm

CRYSTAL LAKE TOWNSHIP
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INTRODUCTORY SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Crystal Lake Township Board
Frankfort, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crystal Lake Township, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Lake Township's basic financial statements and have issued our report thereon dated August 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crystal Lake Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crystal Lake Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Crystal Lake Township in a separate letter dated August 8, 2005.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson Ward CPA Firm

Interlochen, MI
August 8, 2005

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Crystal Lake Township Board
Frankfort, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crystal Lake Township, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Crystal Lake Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Crystal Lake Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated August 8, 2005, on our consideration of the Crystal Lake Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crystal Lake Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson Ward CPA Firm

Interlochen, MI
August 8, 2005

CRYSTAL LAKE TOWNSHIP

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 0.3% from a year ago - increasing from \$384,994 to \$385,978.

The Township's Funds

Our analysis of the Township's major funds begins in the supplemental section, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the Township Board.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets

Capital Asset and Debt Administration:

The Township has invested significantly in major and local roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates:

Crystal Lake Townships's 2005-2006 general fund budget calls for the allocated millage of 0.7719. Crystal Lake Township also has a voted millage for Fire Protection services in the amount of 0.0500. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the treasurer at (231) 352-9791.

CRYSTAL LAKE TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, investments and cash equivalents	\$637,778	\$0	\$637,778
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net (Note 9)	0	0	0
Total Assets	637,778	0	637,778
LIABILITIES			
Accounts payable	0	0	0
Deferred revenue	0	0	0
Due to Other Agencies	0	0	0
Noncurrent liabilities (Note 2):			0
Due within one year	0	0	0
Due in more than one year	0	0	0
Total Liabilities	0	0	0
NET ASSETS			
Invested in capital assets, net of related debt	0		0
Restricted for:			
Capital projects			0
Debt Service		0	0
Unrestricted (deficit)	637,778	0	637,778
Total Net Assets	637,778	0	637,778
Total Liabilities and Net Assets	\$637,779	\$0	\$637,779

CRYSTAL LAKE TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
Legislative	\$14,705	\$0			(\$14,705)		(\$14,705)
General government	84,494	0			(84,494)		(84,494)
Public safety	35,175	800			(34,375)		(34,375)
Public works	21,350	0			(21,350)		(21,350)
Health and Welfare	0				0		0
Community and Economic Development	0				0		0
Recreation and Culture	7,444				(7,444)		(7,444)
Other	3,737				(3,737)		
Interest on Long Term Debt	2,157				(2,157)		(2,157)
Total Governmental Activities	169,062	800	0	0	(168,262)	0	(168,262)
Business Type Activities							
Enterprise Funds	0	0			0		0
Total Primary Government	169,062	800	0	0	(168,262)	0	(168,262)

General revenues:
Taxes

Property Taxes-general	85,962	0			85,962
Property Taxes-debt service	0				0
State-Shared Revenues	63,713				63,713
Unrestricted Investment Earnings	7,400	0			7,400
Franchise taxes	0				0
Contributions	0				0
Miscellaneous	12,171	0			12,171
Transfers	0	0			0
Total General Revenues-Special Items and Transfers	169,246	0			169,246
Changes in Net Assets	984	0			984
Net Assets - Beginning	384,994	0			384,994
Net Assets - Ending	\$385,978	\$0			\$385,978

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CRYSTAL LAKE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	General Fund	Other Non-major Funds	Total
ASSETS			
Cash, investments and cash equivalents	\$434,201	\$203,577	\$637,778
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net (Note 1)			0
Total Assets	<u>434,201</u>	<u>203,577</u>	<u>637,778</u>
LIABILITIES			
Accounts payable	0	0	0
Internal balances	0		
Accrued payables	0		
Deferred revenue	0	0	0
Noncurrent liabilities (Note 2):			0
Due within one year			0
Due in more than one year			0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS			
Invested in capital assets, net of related debt			
Restricted for:			
Capital projects			0
Debt Service			0
Unrestricted (deficit)	<u>434,201</u>	<u>203,577</u>	<u>637,778</u>
Total Net Assets	<u>434,201</u>	<u>203,577</u>	<u>637,778</u>
Total Liabilities and Net Assets	<u>\$434,201</u>	<u>\$203,577</u>	<u>\$637,778</u>

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above	\$637,778
Add Capital Assets	0
Less Long Term Debt	0
Balance per Governmental Funds Balance Sheet	<u>\$637,778</u>

CRYSTAL LAKE TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes and Penalties	\$80,985	\$4,977	\$85,962
Licenses and Permits	0		0
Federal Grants			0
State Grants	63,713		63,713
Charges for Services	800	0	800
Fines and Forfeits			0
Interest and Rentals	6,176	1,224	7,400
Other Revenue	851	11,320	12,171
Total Revenues	152,526	17,520	170,046
Expenditures			
Current			
Legislative	14,705		14,705
General Government	84,494		84,494
Public Safety	0	35,175	35,175
Public Works	5,033	16,317	21,350
Health and Welfare			0
Recreation and Cultural	7,444		7,444
Other	0		0
Capital Outlay			0
Debt Service	0		0
Total Expenditures	111,676	51,492	163,168
Excess of Revenues Over (Under) Expenditures	40,850	(33,972)	6,878
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers (Out)	0	0	0
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	40,850	(33,972)	6,878
Fund Balance April 1, 2004	459,687	171,014	630,700
Fund Balance March 31, 2005	\$500,536	\$137,042	\$637,578

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds		\$6,878
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimate useful lives as depreciation.	\$0	
Repayment of bond interest is an expenditure in governmental funds, but not in the statement of activities.	0	
Changes in compensated absences are recorded when earned.	0	
Change in Net Assets of Governmental Activities		\$6,878

**CRYSTAL LAKE TOWNSHIP
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Crystal Lake Township is located in Benzie County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 960 residents and include fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

B. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Crystal Lake Township conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the township.

3. Account Groups

Fixed Assets and Long Term Liabilities of the governmental fund types are normally accounted for through the *General Fixed Assets Account Group* and the *General Long Term Debt Account Group*, respectively.

Fixed assets other than those accounted for in the proprietary funds or trust funds are general fixed assets. General fixed assets are accounted for in the General Fixed Assets Account Group.

C. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires

management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more that 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Crystal Lake Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>	<u>Bank Value</u>
Insured	\$ 100,000	\$ 100,000
Uninsured	\$ 469,765	\$ 470,361

The township also carries \$236,645 in money market investments that are not categorized as to risk.

5. Changes in General Fixed Assets

General Fixed Assets have been acquired for general township purposes and at the time of purchase were recorded as expenditures. As a Township policy, assets valued at less than \$5000 are considered to be supplies and are not recorded as fixed assets. The township hall has been fully depreciated and there is no determinable cost related to the cemetery

	Balance 4/01/04	Additions	Deletions	Balance 3/31/05
Land, Improvements and Buildings	\$ 91,236			\$ 91,236

6. Compensated Absences and Post Employment Benefits

The township does not pay for compensated absences.

7. Contingent Liabilities

There are no known contingent liabilities.

8. Risk Management

The township carries commercial insurance as a protection against risk.

9. Taxes receivable

Taxes receivable reflected in the general fund represent delinquent real property taxes and tax administration fees on delinquent real property taxes. Benzie County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units. Accordingly, these delinquent taxes and related fees are recorded as revenue in the current year.

SUPPLEMENTAL SECTION

WILSON, WARD CPA FIRM

P.O. Box 205
3015 M-137
Interlochen, MI 49643

(231) 276-7668
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E-mail: wilson@wilsonward.com

To the Crystal Lake Township Board
Frankfort, MI

We have audited the combined financial statements of Crystal Lake Township for the year ended March 31, 2003. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Wilson Ward CPA Firm

Interlochen, MI
August 8, 2005

General Fund

**Crystal Lake Township
Balance Sheet
General Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$434,201
Accounts Receivable	0
Taxes Receivable	0
Due From Other Agencies	0
Due From Other Funds	0
Total Assets	<u>\$434,201</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	\$0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>0</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	434,201
Total Fund Balance	<u>434,201</u>
Total Liabilities and Fund Balance	<u>\$434,201</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	General Fund <u>March 31, 2005</u>
<u>Revenue</u>	
Taxes	\$80,985
Admin Fees	0
Licenses and Permits	0
Charges for Services	800
Interest & Rentals	6,176
Other Revenues	851
Donations	0
State Shared Revenue	63,713
Cable Franchise Fees	0
Reimbursements	0
Total Revenues	<u>152,526</u>
<u>Expenditures</u>	
Current	
Legislative	14,705
General Government	84,494
Planning and Zoning	0
Public Works	5,033
Zonning Board	0
Other	7,444
Total Expenditures	<u>111,676</u>
Excess Revenue (Expenditures)	40,850
Operating Transfers In (out)	(66,335)
Fund Balance - Beginning of Year	459,687
Prior Period Adjustment	<u>0</u>
Fund Balance - End of Year	<u><u>\$434,201</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund
For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$74,000	\$0	\$77,959	\$77,959
Delinquent Tax	6,300	0	3,026	3,026
Penalties on Taxes	0	0	0	0
Admin Fees	0	0	0	0
Licenses and Permits	0	0	0	0
State Shared Revenues	60,000	0	63,713	63,713
Use Fees	0	0	0	0
Charge for Services	790	0	800	800
Earned Interest	9,000	0	4,058	4,058
Rents and Royalties	0	0	2,119	2,119
Franchise Fees	0	0	0	0
Reimbursements	100	0	0	0
Misc	0	0	851	851
Total Revenues	150,190	0	152,526	152,526
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	0	0	4,340	(4,340)
Supplies and Maintenance	0	0	3,874	(3,874)
Professional Services	0	0	2,156	(2,156)
Mileage	0	0	0	0
Printing and Advertising	0	0	1,263	(1,263)
Postage	0	0	0	0
Insurance and Bonds	0	0	1,421	(1,421)
Dues	0	0	1,650	(1,650)
Misc	25,000	25,000	0	25,000
Capital Outlay	0	0	0	0
Total Township Board	25,000	25,000	14,705	10,295
General Government:				
Township Supervisor:				
Salaries and Wages	14,492	14,492	14,466	26
Office Supplies	0	0	0	0
Misc	3,000	3,000	1,260	1,740
Mileage	0	0	0	0
Total Township Supervisor	\$17,492	\$17,492	\$15,726	\$1,766

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Elections:				
Salaries and Wages	\$15,000	\$15,000	\$1,881	\$13,119
Office Supplies	0	0	311	(311)
Mileage	0	0	0	0
Misc	0	0	894	(894)
Capital Outlay	0	0	0	0
Total Elections	15,000	15,000	3,085	11,915
Legal:				
Professional Services	30,000	30,000	0	30,000
Total Legal	30,000	30,000	0	30,000
Assessor:				
Contractual	16,346	16,346	15,912	434
Supplies	0	0	720	(720)
Mileage and Travel	0	0	162	(162)
Misc	6,000	6,000	0	6,000
Capital Outlay	0	0	0	0
Total Assessor	22,346	22,346	16,793	5,553
Clerk:				
Salaries and Wages	14,492	14,492	14,821	(329)
Office Supplies	0	0	0	0
Mileage	0	0	0	0
Capital Outlay	0	0	0	0
Misc	3,000	3,000	0	3,000
Total Clerk	17,492	17,492	14,821	5,671
Board of Review:				
Salaries	3,500	3,500	602	2,898
Supplies	0	0	0	0
Education	0	0	0	0
Misc	0	0	0	0
Total Board of Review	\$3,500	\$3,500	\$602	\$2,898

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Treasurer:				
Salaries and Wages	\$14,492	\$14,492	\$14,661	(\$169)
Office Supplies	0	0	1,491	(1,491)
Telephone	0	0	0	0
Mileage	0	0	100	(100)
Misc	3,000	3,000	0	3,000
Capital Outlay	0	0	0	0
Printing	0	0	0	0
Total Treasurer	17,492	17,492	16,252	1,240
Township Hall and Grounds:				
Prof Services	0	0	8,351	(8,351)
Mileage	0	0	0	0
Insurance and Bonds	0	0	5,070	(5,070)
Public Utilities	0	0	2,146	(2,146)
Repairs	0	0	1,646	(1,646)
Capital Outlay	0	0	0	0
Misc.	70,000	70,000	0	70,000
Total Township Hall	70,000	70,000	17,213	52,787
Total General Government	\$193,322	\$193,322	\$84,494	\$117,380

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2004	Variance Favorable (Unfavorable)
Planning and Zoning:				
Salaries and Wages	\$10,500	\$10,500	\$0	\$10,500
Supplies	0	0	0	0
Mileage	0	0	0	0
Printing	0	0	0	0
Misc	2,000	2,000	0	2,000
Total Planning and Zoning	12,500	12,500	0	12,500
Planning and Zoning Admin:				
Salaries and Wages	2,000	2,000	0	2,000
Supplies	0	0	0	0
Mileage	0	0	0	0
Printing	0	0	0	0
Misc	0	0	0	0
Total Planning & Zoning Admin	2,000	2,000	0	2,000
Public Works:				
Roads	11,335	11,335	0	11,335
Sanitation	4,000	4,000	3,851	149
Computer	5,000	5,000	0	5,000
Misc	1,000	10,000	1,182	8,818
Total Public Works	21,335	30,335	5,033	25,302
Zoning Board of Appeals:				
Salaries	0	0	0	0
Misc	0	0	0	0
Total Zoning Board of Appeals	0	0	0	0
Other Expenses:				
Audit	0	0	0	0
Employee Benefits	0	0	3,740	(3,740)
Fire Contract	0	0	3,704	(3,704)
Contingency	0	0	0	0
Total Other Expenditures	0	0	7,444	(7,444)
Total Expenditures	254,157	263,157	111,676	158,033
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			(66,335)	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			(25,485)	
Fund Balance - Beginning of Year			459,687	
Fund Balance - End of Year			\$434,201	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Special Revenue Funds

Crystal Lake Township
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Special Revenue Funds

For The Year Ended March 31, 2005

Revenues	Fire Fund	Computer Fund	Cemetery Fund	Road Fund	Total
Property Taxes	\$4,977		\$0		\$4,977
Delinquent Property Taxes	199				199
Charges For Services		0			0
Interest	256	145	526	297	1,224
Grants	0				0
Miscellaneous	0		11,320	0	11,320
Total Revenue	5,432	145	11,846	297	17,720
Expenditures					
Contractual	35,175		16,317	0	51,492
Miscellaneous		0			0
Total Expenditures	35,175	0	16,317	0	51,492
Excess Revenue (Expenditures)	(29,743)	145	(4,471)	297	(33,772)
Transfer In (Out)	50,000	5,000	0	11,335	66,335
Fund Balance - Beginning of Year	17,177	27,069	72,501	54,267	171,014
Fund Balance - End of Year	\$37,434	\$32,214	\$68,030	\$65,899	\$203,577

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Crystal Lake Township
Combining Balance Sheet
Special Revenue Funds**

As Of March 31, 2005

Assets	Fire Fund	Computer Fund	Cemetery Fund	Road Fund	Total
Cash in Bank	\$37,434	\$32,214	\$68,030	\$65,899	\$203,577
Certificate of Deposit	0		0	0	0
Taxes Receivable	0	0			0
Due From GF		0	0		0
Total Assets	37,434	32,214	68,030	65,899	203,577
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	0	0	0	0	0
Due to General Fund	0				0
Total Liabilities	0	0	0	0	0
Fund Balance					
Reserved for Equipment Replacement	0				0
Unreserved	37,434	32,214	68,030	65,899	203,577
Total Fund Balance	37,434	32,214	68,030	65,899	203,577
Total Liabilities and Fund Balance	\$37,434	\$32,214	\$68,030	\$65,899	\$203,576

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Crystal Lake Township
Balance Sheet
Road Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank	\$65,899
Certificate of Deposit	\$0
Taxes Receivable	0
Due from General Fund	0
Total Assets	<u>65,899</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Due to Improvement Fund	0
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>65,899</u>
Total Fund Balance	<u>65,899</u>
Total Liabilities and Fund Balance	<u>\$65,899</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Road Fund

For The Year Ended March 31, 2005

<u>Revenues</u>	
Property Tax	\$0
Delinquent Tax	0
Interest	297
Other	0
Total Revenue	<u>297</u>
<u>Expenditures</u>	
Misc. Expenditures	0
Capital Expenditures	0
Total Expenditures	<u>0</u>
Excess Revenues (Expenditures)	297
Transfer In (Out)	<u>11,335</u>
Fund Balance - Beginning of Year	54,267
Fund Balance - End of Year	<u><u>\$65,899</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Fire Fund

For The Year Ended March 31, 2005

	Actual
<u>Revenues</u>	
Property Taxes	\$4,977
Delinquent Tax	199
Interest	256
Grants	0
Miscellaneous	0
Total Revenue	<u>5,432</u>
<u>Expenditures</u>	
Salaries	0
Administrative	0
Insurance	0
Building Maintenance	0
Equipment Supplies	0
Miscellaneous	0
Other	35,175
Total Expenditures	<u>35,175</u>
Excess Revenues (Expenditures)	(29,743)
Transfer In (out)	50,000
Fund Balance - Beginning of Year	<u>17,177</u>
Fund Balance - End of Year	<u><u>\$37,434</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Crystal Lake Township
Balance Sheet
Fire Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$37,434
Certificate of Deposit	\$0
Taxes Receivable	0
Total Assets	<u>37,434</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	0
Due to General Fund	0
Total Liabilities	<u>0</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	37,434
Total Fund Balance	<u>37,434</u>
Total Liabilities and Fund Balance	<u>\$37,434</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Cemetery Fund

For The Year Ended March 31, 2005

Revenues

Property Tax	\$0
Charges for Services	11,320
Interest	526
Total Revenue	<u>11,846</u>

Expenditures

Salaries	0
Misc	16,317
Total Expenditures	<u>16,317</u>

Excess Revenues (Expenditures)	(4,471)
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Transfer In (Out)	<u>0</u>
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Fund Balance - Beginning of Year	72,501
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Fund Balance - End of Year	<u><u>\$68,030</u></u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Crystal Lake Township
Balance Sheet
Cemetery Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank	\$68,030
Certificate of Deposit	\$0
Taxes Receivable	0
Due from General Fund	0
Total Assets	<u>68,030</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	0
Due to Improvement Fund	0
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>68,030</u>
Total Fund Balance	<u>68,030</u>
Total Liabilities and Fund Balance	<u>\$68,030</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Crystal Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Computer Fund

For The Year Ended March 31, 2005

<u>Revenues</u>	
Inspection Fees	0
Interest	<u>\$145</u>
<u>Expenditures</u>	
Payroll	0
Miscellaneous	<u>0</u>
Total Expenditures	<u>0</u>
Excess Revenue (Expenditures)	145
Transfer In (Out)	5,000
Fund Balance - Beginning of Year	<u>27,069</u>
Fund Balance - End of Year	<u><u>\$32,214</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Crystal Lake Township
Balance Sheet
Computer Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$32,214
Due From Other Funds (General)	<u>0</u>
Total Assets	<u><u>32,214</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities	0
Unreserved Fund Balance	<u>32,214</u>
Total Liabilites and Fund Balance	<u><u>\$32,214</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS